



**THE STATE OF NEW HAMPSHIRE
INSURANCE DEPARTMENT
56 OLD SUNCOOK ROAD
CONCORD NH 03301-7317**

**Roger A. Seigny
Commissioner**

**Alex Feldvebel
Deputy Commissioner**

General FAQ's SB 110

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1. Question: How does SB 110 change group insurance?

Answer: SB 110 makes a number of changes to the group insurance market. One of the first changes you will notice is that your employer may require you to fill out a health statement. This statement may include specific questions about your health history and the health history of your family. The insurance carrier will use the information in this form to determine the premium for insurance coverage purchased by your employer.

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2. Question: Will my employer see the health statement?

Answer: Maybe. Your employer may or may not see the health statement. Most health insurance is purchased through a producer, e.g. an agent or broker. If your employer does not purchase insurance directly from the insurance carrier, there is no reason why the employer would see the form. Conversely, if the employer does purchase coverage directly, the employer may see the form. By law, the employer may not use or release the information contained in the health statement for any purpose other than to obtain insurance coverage. The law prohibits an insurer from providing insurance to any employer that discriminates against an employee based on that employee's health status or claims history.

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3. Question: Does the new law allow insurance carriers to use medical information and claims histories to establish or modify premium rates for insurance?

Answer: Yes.

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4. Question: May a health carrier refuse to write or issue coverage to an employer based on the medical information or claims histories of that employer's employees.

Answer: No. A carrier may not refuse to write or issue coverage in the small group market. A carrier may refuse to write or issue coverage in the individual market only.

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5. Question: May my employer require me to fill out a health statement every year?

Answer: Yes. Although it is unlikely that you will be required to fill out a health status questionnaire every year, an employer may require you to do so.

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6. Question: Will I be required to fill out a health questionnaire when I start work with a new employer?

Answer: Maybe. When a new employee starts work, that employee will be placed on the existing policy and no adjustment to the premium cost will be made based on that employee's or that employee's dependents health status. At the time the policy is renewed, the carrier will consider that employee's health status in determining the premium. The employer may elect to take a health statement from that employee at the time the employee starts work, or at renewal.

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7. Question: Will the cost of my insurance increase at renewal if people in my employer group become sick?

Answer. Maybe. At each renewal, the insurance carrier will review the claims made under the policy to determine the renewal cost. If claims for the group are above average, the cost may go up. If claims for the group are below average, the costs may go down.

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8. Question: Is there a limit on the amount that the cost may increase due to one or more employees or their family members becoming ill?

Answer: Yes, there is. By law, an insurance carrier may not increase the cost of the policy that is attributable to health status factors by more than 15% a year. Moreover, the law limits the total amount any one group can be rated up for health status to 25% above the average of the highest rate that the carrier charges and the lowest rate that the carrier charges.

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9. Question: Could the cost of a policy increase by more than 15% at renewal?

Answer. Yes. The 15% cap applies only to increased costs due to rating based on health status factors. The 15% cap does not apply to cost increases resulting from changes in age, cost trends, or other allowable rating factors.

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10. Question: Is there a limit on how much the cost of insurance may increase at renewal?

Answer: No. The law provides that the cost of insurance that is due to health status factors cannot be increased more than 15%. The law also provides that the cost of insurance that is due to the application of rating factors other than health status cannot be increased more than 25%. However, this 25% cap does not limit increases resulting from cost and utilization trends or changes in the rating factor for the attained ages of covered employees; and the provision relating to the 25% cap expires January 1, 2005.

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11. Question: What rating factors does the law allow an insurer to consider in setting the premium cost for small group insurance?

Answer: The insurer may consider the health status of the employees, the attained ages of the employees, the number of employees in the group, the industry classification of the group, and the group's geographic location.

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12. Question: What size employer groups are included in the small group market?

Answer: The new law changes the definition of a small group from 1 to 100 employees to 1 to 50 employees. Employers that employ more than 50 employees are now considered large groups.

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13. Question: If I am self-employed, can I still purchase group insurance?

Answer: Yes, by law, an insurance carrier must offer you insurance coverage in the group market.

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14. Question: If I am a self-employed individual, what are my options if I can no longer afford coverage?

Answer: As an individual, you may also try to purchase insurance coverage in the individual market. By law, insurance carriers are not required to offer you individual coverage since, as a self-employed individual you are also eligible for group insurance. If you are denied coverage in the individual market, and elect not to purchase coverage in the group market, you may be eligible to purchase coverage through New Hampshire's high-risk pool. For more information on the high risk pool, visit their website at www.nhhealthplan.org.

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15. Question: May employers that have more than 50 employees purchase coverage in the small group market?

Answer: No. Employers that have more than 50 employees are now considered large employers and cannot purchase coverage in the small group market.

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16. Question: May insurance carriers refuse to provide insurance to a large employer group?

Answer. Yes. The legally guaranteed right to purchase insurance and obtain a renewal of insurance applies only to employers that have from 1 to 50 employees.

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17. Question: How will the cost of insurance be determined for employers with more than 50 employees, but fewer than 100 employees?

Answer: The law provides that the carrier must calculate a rate for the premium using a weighted average of the experience for all large groups and the experience of that particular large group. The weight used for the particular group's experience can be no more than 25% and the weight used for the experience of all large groups must be at least 75%. However, these limitations shall expire January 1, 2006.

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18. Question: If I have a pre-existing condition, can I get insurance coverage for medical services related to that condition?

Answer: The law allows insurance carriers to impose restrictions on coverage for pre-existing conditions for nine months. After nine months, the insurance carrier is prohibited from refusing to provide coverage for the condition because it pre-existed the purchase date of the policy. The nine-month limitation applies to small group, large group, and individual coverage. The nine-month limitation does not apply to renewals of existing coverage, nor to persons having credible coverage for at least nine months.

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